



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 821** HLS 22RS 1031
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 19, 2022	12:20 PM	Author: HODGES
Dept./Agy.: Division of Administration - Office of State Procurement		Analyst: Monique Appeaning
Subject: Right to Reject Bids from Russia or Communist Countries		

PROCUREMENT OR SEE FISC NOTE GF EX Page 1 of 1
 Provides relative to the award of certain procurement contracts for supplies

Present law (R.S.39:1602) provides for the right to reject bids from Communist countries in awarding contracts for supplies. Any public entity is authorized to reject the lowest bid if received from a bidder domiciled in a Communist country, or if the supplies are manufactured in a Communist country, including but not limited to Russia, China, North Korea, and Vietnam, and to award the contract to the next lowest bidder; however, this shall not apply to any country having established trade relations agreements or approvals from the government of the United States. **Proposed law** provides in awarding contracts for supplies, a public entity shall reject the lowest bid if received from a bidder domiciled in Russia or a Communist country. **Proposed law** provides in awarding contracts for supplies, if one or more parts of the goods supplies are manufactured in Russia or a Communist country, a public entity may reject the lowest bid and award the contract to the next lowest bidder whose goods do not contain one or more parts manufactured in Russian or a Communist country. **Proposed law** provides if the chief procurement officer determines that compliance with the provisions of proposed law is not practicable or in the best interest of the state, he may waive application of it for a procurement contract. **Proposed law** defines "communist country" as China, Vietnam, Laos, Cuba, or North Korea.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law may result in an indeterminable fiscal impact on public entities.

Proposed law may result in an indeterminable fiscal impact on public entities if, in awarding contracts for supplies, a public entity rejects the lowest bid received from a bidder domiciled in Russia or a Communist country. There are multiple variables that can influence the decisions of the various public entities that cannot be quantified if a public entity rejects the lowest bidder that is domiciled in Russia or a Communist country. It is assumed that it may result in an increase in costs to the public entity; however, the LFO cannot provide any fiscal impact because public entities' behavior in purchasing may change as a result of the lowest bidder being rejected.

Proposed law may result in an indeterminable increase in expenditures on public entities if, in awarding contracts for supplies, if one or more parts of the goods supplied are manufactured in Russia or a Communist country, a public entity rejects the lowest bid and award the contract to the next lowest bidder whose goods do not contain one or more parts manufactured in Russian or a Communist country. There are multiple variables that can influence the decisions of the various public entities that cannot be quantified. LFO assumes that it may result in an increase in costs to the public entity; however, the LFO cannot provide any fiscal impact because public entities' behavior in purchasing may change as a result of the lowest bidder being rejected.

Proposed law will not result in an increase in expenditures to the Division of Administration - Office of State Procurement (OSP) to implement. OSP will update its contract boilerplate language to have signers attest that they are not domiciled in any of the forbidden countries.

For Informational Purposes Only

The Division of Administration - Office of State Procurement reports that its records indicate that there are 26 vendors registered that are domiciled in China. None of those 26 are current contract holders. There were no reports of vendors from Russia or the other Communist countries reported.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
 Interim Deputy Fiscal Officer